UNITED
NATIONS

E

Economic and Social Council

Distr.
LIMITED

E/CN.17/1996/L.15
1 May 1996

ORIGINAL: ENGLISH

COMMISSION ON SUSTAINABLE
DEVELOPMENT
Fourth session
18 April-3 May 1996
Agenda item 3

CROSS-SECTORAL ISSUES, WITH PARTICULAR REFERENCE TO
THE CRITICAL ELEMENTS OF SUSTAINABILITY

Draft decision submitted by the Chairman

Trade, environment and sustainable development 1/

(Chapter 2 of Agenda 21)

1. The Commission on Sustainable Development takes note of the report of the Secretary-General on trade, environment and sustainable development (E/CN.17/1996/8 and Add.1), and welcomes with appreciation the analysis contained therein.

2. The Commission reiterates all decisions made at its second and third sessions on issues related to trade, environment and sustainable development.

3. As to trade measures in multilateral environmental agreements (MEAs), the Commission:

(a) Calls on Governments to ensure appropriate coordination between trade and environment officials at the national level and to take appropriate steps at the national and international levels in order to ensure the mutual supportiveness of trade and environment policies in support of sustainable development, and looks to the World Trade Organization (WTO) to address the

---

1/ Recommendations with respect to UNCTAD should bear in mind the imminent outcome of UNCTAD IX, which is being held concurrently with the present session of the Commission.

relationship between WTO provisions and trade measures for environmental purposes, including those pursuant to multilateral environment agreements;

(b) Recognizes that positive measures, such as improved market access, capacity-building, improved access to finance, and access to and transfer of technology, taking into account the relationship between trade-related agreements and technology, are effective instruments for assisting developing countries in meeting multilaterally agreed targets in keeping with the principle of common but differentiated responsibilities;

(c) Notes that trade measures can, in certain cases, play a role in achieving the objectives of MEAs, while safeguarding a non-discriminatory and equitable multilateral trading system, and that positive measures should be employed, as appropriate, to reduce or obviate the necessity for trade measures to secure compliance with MEAs, and also stresses that the use of trade measures should not deter the consideration of other options that may be more effective. All measures should uphold Principles 7, 11 and 12 of the Rio Declaration on Environment and Development;

(d) Recognizes that the different trade provisions in MEAs may have different objectives and that they may involve broader economic and developmental issues, and invites the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Environment Programme (UNEP), jointly and in cooperation with WTO, in accordance with their respective mandates and competencies, to undertake further analysis on the issue of trade and environment, including policy instruments in MEAs, in particular positive measures, taking into account the specific context of each MEA, with a view to promoting sustainable development;

(e) Recalls its invitation at its third session to UNCTAD and UNEP, in cooperation with the United Nations Development Programme (UNDP), international financial institutions, and other relevant bodies, programmes and organizations, to examine the effects of trade measures in MEAs on the achievement of environmental goals and on trade and competitiveness of developing countries and countries with economies in transition, and to consider how positive measures could assist those countries in meeting their obligations under the MEAs.

4. As to environmental policies and competitiveness, the Commission:

(a) Recognizes that the link between environmental policies and competitiveness is a complex one, and notes that there is no available evidence to suggest that environmental policy generally has a significant detrimental impact on competitiveness. Efforts could be made to identify "win-win" opportunities in the design and implementation of environmental policies, which could improve resource efficiency, competitiveness, employment and market access;

(b) Firmly rejects the use of "green countervailing duties" or other protectionist or trade measures inconsistent with WTO to compensate for the negative competitiveness effects, whether real or perceived, of environmental policies;

(c) Stresses that it would be inappropriate to relax environmental laws, regulations and standards or their enforcement in order to encourage foreign direct investment or to promote exports;

(d) Considering that complying with the environmental requirements of importing countries may raise particular competitiveness concerns for developing countries and countries with economies in transition, recommends that Governments of developed countries facilitate continued market access for developing countries by ensuring greater transparency and providing them with technical and financial assistance in the area of environmental capacity-building in accordance with the provisions of relevant chapters of Agenda 21;

(e) Encourages UNCTAD to propose positive measures at the national and international levels for supporting developing countries in their efforts to achieve the objectives of sustainable development, focusing on capacity-building and support for national efforts to internalize environmental costs;

(f) Takes note of the progress report submitted by UNCTAD on the analytical study of the relationship of environmental protection to international competitiveness, job creation and development, and invites UNCTAD to further elaborate the study, with input from Governments and regional economic integration organizations, as well as the private sector, non-governmental organizations, and other relevant regional and international organizations, and to submit the results of the study to future sessions of the Commission, as appropriate.

5. The Commission recognizes that eco-labelling can have an impact on trade. The Commission invites Governments to ensure adequate transparency of eco-labelling, inter alia, by considering inputs from interested parties, including consumer and environmental groups, domestic and foreign producers, at an appropriately early stage in the design of the measures, and to encourage private bodies involved in eco-labelling to do the same. The Commission also calls upon national Governments and private bodies involved in eco-labelling to explore the scope for mutual recognition of procedures and approaches on the basis of equivalency at appropriately high levels of environmental protection, taking into account differing environmental and developmental conditions in different countries. The Commission also invites UNCTAD, UNEP, WTO and, as appropriate, the International Organization for Standardization (ISO) to give the fullest consideration to such concepts in future work on environmental labelling in the best interests of transparency.

6. The Commission supports the promotion of balanced public awareness and educational programmes on issues related to eco-friendly classification to assist both producers and consumers in making environmentally sound decisions.

7. As to trade liberalization and the environment, the Commission:

(a) Recalls the recommendation made in paragraph 67 of its report on its third session, in which it invited the UNEP/UNCTAD programme to carry out further work and report on the development of a framework to facilitate the assessment of the environmental impact of trade policies, taking into account

the special needs of developing countries and countries with economies in transition;

(b) Recognizes the usefulness of UNEP and the Food and Agriculture Organization of the United Nations continuing to examine the environmental effects on importing countries of the export of goods prohibited for sale on environmental grounds in the exporting countries;

(c) Invites UNCTAD, in cooperation with UNEP and other relevant organizations, such as the Organisation for Economic Cooperation and Development (OECD), taking into account work already under way at WTO, to examine how further trade liberalization, such as through the reduction or elimination of tariff escalation, export taxes or restriction, trade-distortive subsidies and the elimination of tariff and non-tariff barriers to trade, can result in environmental benefits and contribute to sustainable development, including by examining recent analyses on such topics;

(d) Reaffirms the importance of efforts aimed at internalizing environmental costs in order to promote the positive and avoid the negative environmental effects of trade liberalization.

8. As to sustainable development of the commodity sector, the Commission:

(a) Invites UNCTAD, in cooperation with UNEP, the United Nations Industrial Development Organization and other relevant organizations, to assist developing countries in implementing pilot projects in export-oriented production and processing activities aimed at internalizing environmental costs;

(b) Encourages international organizations, Governments and the business community to intensify the search for pragmatic methods for increasing cooperation between exporters and importers with a view to facilitating developing countries' efforts to internalize environmental costs in their development process and to assess the scope for the establishment of sectoral round tables and other formal or informal arrangements for identifying efficient and cost-effective approaches.

9. As to biological diversity and trade issues, the Commission welcomes UNCTAD's BIOTRADE initiative as a collaborative effort, with the secretariat of the Convention on Biological Diversity, interested United Nations agencies and other intergovernmental and non-governmental organizations, the private sector, local communities and academic institutions, aimed at strengthening capacity-building, and encourages further consultations in that area.

10. The Commission invites UNCTAD, UNDP, the International Trade Centre UNCTAD/GATT, UNEP and other relevant United Nations bodies to strengthen cooperation in the implementation of a programme of technical assistance for capacity-building in accordance with the mandates and expertise of each agency, inter alia, with a view to assisting developing countries and countries with economies in transition in participating effectively in international deliberations on trade and environment, international trade negotiations and international environmental negotiations.

11. The Commission takes note of the preliminary background paper prepared by UNCTAD on research into trade, environment and sustainable development linkages carried out by international organizations, as well as academic institutions and non-governmental organizations in developed and developing countries; encourages additional research in particular areas where gaps exist; and recommends that international and bilateral aid agencies support research activities in developing countries and countries with economies in transition, in particular in these areas.

12. The Commission:

(a) Takes note of the work of the WTO Committee on Trade and Environment, looks forward to a substantive report on the results of its deliberations, including further progress in making trade and environmental policies mutually supportive in order to promote sustainable development, and invites ministers to consider all items listed in the Marrakech Decision on Trade and Environment of 15 April 1994, taking into account the objectives of Agenda 21 and the Rio Declaration on Environment and Development, and to give due consideration to the results of the deliberations of the Commission at the present session;

(b) Looks to the WTO ministerial meeting in Singapore to continue the important work of the WTO Committee on Trade and Environment;

(c) Invites UNCTAD and UNEP to transmit the results of their activities in the area of trade, environment and sustainable development to the WTO Committee on Trade and Environment for consideration at the WTO ministerial meeting in Singapore;

(d) Requests UNCTAD, in accordance with operative paragraph 27 of General Assembly resolution 50/95 of 20 December 1995, to continue its special role in the field of trade and environment, and invites UNCTAD IX to consider appropriate arrangements for carrying out intergovernmental activities, taking into account its mandate and competence, as well as the need for continued cooperation and complementarity in the work of UNCTAD, UNEP and WTO;

(e) Invites UNEP to continue its work on trade and environment in accordance with its mandate;

(f) Invites the regional commissions, within their mandates and taking into account the specific context of each region, and OECD, in close cooperation with the competent international organizations, such as UNCTAD, UNEP and WTO, to organize meetings, as necessary, for the purpose of enhancing coordination on trade and environment;

(g) Recalls General Assembly resolution 50/95, in which the Assembly requests UNCTAD and invites WTO, in accordance with their respective mandates and competence and in close cooperation with other competent United Nations bodies and the regional commissions, to address trade and environment matters comprehensively, and to report, through the Commission, to the Economic and Social Council and to the Assembly at its special session, in 1997, on the concrete progress achieved on the issue of trade and environment;

(h) Invites UNCTAD and UNEP to continue their joint programme of work on trade, environment and sustainable development, in accordance with chapter I, paragraph 59 of its report on its third session and operative paragraph 14 of Assembly resolution 50/95 of 20 December 1995;

(i) Takes note of the ongoing analytical work being conducted by OECD on trade and environment, especially that of the Joint Session of Trade and Environment Experts, including its report to the OECD Council at the ministerial level in May 1995, and encourages OECD to make available to the Commission the results of that work.

UNITED
NATIONS

E

Economic and Social Council

Distr.
LIMITED

E/CN.17/1996/L.16
1 May 1996

ORIGINAL: ENGLISH

COMMISSION ON SUSTAINABLE
DEVELOPMENT
Fourth session
18 April-3 May 1996
Agenda item 3

CROSS-SECTORAL ISSUES, WITH PARTICULAR REFERENCE
TO THE CRITICAL ELEMENTS OF SUSTAINABILITY
(AGENDA 21, CHAPTERS 2-5)

Draft decision submitted by the Chairman

Changing production and consumption patterns
(Chapter 4 of Agenda 21)

1. The Commission on Sustainable Development:

(a) Took note of the report of the Secretary-General on changing consumption and production patterns and its addendum (E/CN.17/1996/5 and Add.1) presenting an overview of progress with regard to policy developments, and welcomed progress reported therein in the implementation of the international work programme. In addition the Commission noted the contributions of Member States, non-governmental organizations and business and international organizations, in particular the Workshop on Policy Measures for Changing Consumption Patterns, hosted by the Government of the Republic of Korea, the Rosendal Workshop on Consumption and Production Patterns: Clarifying the Concepts, organized by the Organisation for Economic Cooperation and Development (OECD) and the Government of Norway, and the international conference on sustainable industrial development hosted by the Government of the Netherlands;

(b) Took note of the report of the Ad Hoc Inter-sessional Working Group on Finance and Changing Consumption and Production Patterns (E/CN.17/1996/7);

(c) Reaffirmed the relevance of the programme of work and urged Governments, relevant organizations of the United Nations system, other intergovernmental organizations, the secretariats of the various international

conventions, and major groups, particularly business and industry, to further implement the work programme and remain seized of the subject;

(d) Noted that the work programme adopted at the third session of the Commission is mainly research oriented, and also noted that the 1997 review of the implementation of Agenda 21 will provide an opportunity for further directing the work programme towards a more action-oriented approach. In this respect, the Commission requested the Secretariat to consider specific proposals for action in the reports to be presented under the work programme;

(d bis) Stressed that there must be an appropriate balance in the attention given to both the supply side and the demand side in the context of changing unsustainable consumption and production patterns. Changes in end use and consumer lifestyles are needed, particularly in the industrialized countries, while increased eco-efficiency will yield benefits to business, and to industry as well as to the government sector in all countries. A balanced approach to more sustainable production and consumption requires both good management and appropriate technology;

(d ter) Noted that the concept of eco-efficiency should not be a substitute for changes in unsustainable lifestyles of consumers, and also noted that the pursuit of eco-efficiency also requires enhanced efforts to assist developing countries in their efforts to promote sustainable consumption and production patterns, by improving access to financial resources and environmentally sound technologies;

(e) Reiterated all decisions taken on issues related to changing consumption and production patterns at its second and third sessions;

(f) Noted an important linkage between the issues of changing consumption and production patterns and financial issues of Agenda 21: at the macroeconomic level, savings are generated as a function of income and consumption. These savings are among the national and international resources available for financing sustainable development which includes economic and social development and environmental protection. At the same time, such savings in many developing countries are limited in view of their already low levels of income;

(g) Reaffirmed that the major cause of continued degradation of the global environment is the unsustainable patterns of consumption and production, particularly in industrialized countries;

(h) Reiterated that measures to be undertaken at the international level for the protection and enhancement of the environment must take fully into account the current imbalances in the global patterns of consumption and production, and that changing consumption patterns will require a multipronged strategy focusing on demand, meeting the basic needs of the poor, and reducing wastage and the use of finite resources in the production process;

(i) Noted that changes in consumption and production patterns could result in the sustainable utilization of natural resources, through their transformation into products and services for the equitable benefit of all

countries, as well as in the prevention and mitigation of the environmental, health and social cost of pollution;

(j) Stressed the need for more efficiency in energy use and measures to promote the use of renewable energy, and for enhanced international cooperation to support national actions in this regard;

(k) Emphasized that efforts to change patterns of consumption and production should take into account developing countries' sustainable development strategies, including economic, social and environmental aspects of growth;

(l) Noted the trend towards a global consensus on the importance of changing consumption and production patterns, in the context of common but differentiated responsibilities, and also noted that many countries - developed countries, developing countries and countries with economies in transition - had reported on national initiatives to make consumption and production patterns more sustainable;

(m) Recommended that measures for changing consumption and production patterns world wide should take into account, as appropriate, the need for improved market access, particularly for developing countries and countries with economies in transition, for more sustainably produced goods and services;

(n) Welcomed efforts undertaken by various countries in making use of policy instruments proposed by the Commission and recommended that the exchange of experiences in that field continue;

(o) Acknowledging the progress made by various countries in the development of national policies intended to change consumption and production patterns, reaffirmed the need for additional substantial efforts undertaken and real progress achieved by countries, in particular the developed countries, in changing their unsustainable consumption and production patterns, and assisting in redressing the present imbalances between industrialized and developing countries and within themselves. The Commission recognized that the industrialized countries should be taking the lead (as some already are) in these efforts, and that such countries have a responsibility to demonstrate that resource-efficient, low-pollution consumption and production patterns and sustainable lifestyles are feasible, desirable, and essential for progress in achieving sustainable development; and renewed its call on all countries to strive to promote sustainable consumption patterns, and on developed countries to continue to take the lead in promoting and achieving more sustainable consumption patterns;

(p) Considered that designing and implementing eco-efficiency as well as product-related strategies could be useful in reducing the energy and materials intensities of production and consumption, and that such concepts as energy and materials intensity, carrying capacity, eco-space and ecological footprints should be analysed for further development and use;

(q) Recognized that Governments at all levels can influence other stakeholders in society, inter alia, through the setting of environmental

regulations and through their purchasing and investment policies. Procurement policies can address the issue of the purchase and maintenance of goods and services of hospital and school equipment and vehicle fleets, and that of the use of environmentally sound products;

(r) Recognized the potential for using economic instruments that can both generate revenue for financing sustainable development and send signals to the market to help change unsustainable consumption and production patterns;

(s) Stressed the importance of the contribution made by major groups and the private sector towards more sustainable patterns of consumption and production world wide;

(t) Also stressed that the issues specified in paragraphs 2, 3 and 4 of the present decision are relevant to all stakeholders and called on Governments, international organizations, business and industry, trade unions and non-governmental organizations to bring forward the findings and results of their work for consideration by the Commission at its fifth session as regards inclusion in the review at the 1997 special session of the General Assembly;

(u) Requested the Secretariat to compile information on measures taken by Governments, the private sector, trade unions and non-governmental organizations in response to the priorities set out in chapter 4 of Agenda 21 and decided to review this information at future sessions of the Commission, as appropriate.

2. The Commission urges Governments:

(a) To continue their efforts aimed at achieving more sustainable patterns of production and consumption, taking into account the particular needs and conditions of the developing countries. The Commission reaffirmed the need for additional and substantial efforts and real progress by all countries, and renewed its call on developed countries to continue to take the lead in promoting and achieving more sustainable production and consumption patterns;

(b) To effectively continue efforts to reduce pollution and the generation of waste and to increase efforts to promote continuous improvements in the energy and materials intensities of production and consumption, and encourages Governments to share information on their experience with such policies, and to ensure the full participation of major groups;

(c) To explore the implications of eco-efficiency for policy development and implementation, in particular in combination with priority identification and goal-setting;

(d) To give more attention, in conjunction with major groups, business and industry, to the role that media, advertising and marketing play in shaping consumption and production patterns, and to report findings and national experiences to the Commission at its next session in 1997;

(e) To analyse and implement optimal mixes of regulatory, voluntary, economic and social instruments and measures, based on close collaboration between the public and private sectors, to make production and consumption

patterns more sustainable, taking due account of the potential roles of domestic measures, such as education, procurement policies, eco-labelling, extended and shared producer responsibility, environmental auditing and accounting, environmental taxes, other market-based instruments, and the reduction and removal of environmentally damaging subsidies;

(e bis) To bear in mind, in this regard, that such instruments should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and that the design and implementation of such instruments should be transparent and would need to include careful assessment and consultation so as to reflect the concerns of all countries involved. The Commission emphasized that eco-labelling would need to be approached in a manner that took into account the special situation and needs of developing countries and the specific requirements of countries with economies in transition. In that context, the Commission also noted that domestic eco-labelling, adopted at national discretion within countries and on a voluntary basis, remained an important strategy for promoting sustainable consumption and production patterns;

(f) To establish and implement policies for the procurement of environmentally sound and otherwise sustainable products and services for use within Governments, and invited Governments to report to the Commission at its fifth session on their experiences in this regard with a view to their inclusion in the review to be conducted by the 1997 special session of the General Assembly. The Commission also noted with satisfaction that in February 1996 OECD Governments had agreed to strive to achieve the highest standards of environmental performance in their facilities and operations, and asked them to report to future sessions of the Commission, as appropriate, on progress achieved;

(g) To foster a dialogue with relevant non-governmental organizations, for example, national consumer organizations, and the business community, pursuant to paragraph 45.D in chapter I of the report of the Commission on its third session; 1/

(h) To facilitate the participation of major groups, in particular non-governmental organizations, women, youth and trade unions, in developing and implementing policies for promoting sustainable consumption and production patterns.

3. The Commission calls upon international organizations:

(a) To strengthen their work in support of national initiatives by undertaking sound analyses on (i) projected trends in consumption and production patterns and their policy implications, (ii) the implications of eco-efficiency for policy development and (iii) the merits and drawbacks of the different types of instruments available to achieve changes in consumption and production patterns;

1/ Official Records of the Economic and Social Council, 1995, Supplement No. 12 (E/1995/32).

(b) In particular the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Environment Programme (UNEP) and OECD, to consider undertakings, within existing resources, on policy-relevant studies of the possible impacts for developing countries of changes in consumption and production patterns in developed countries. The focus of this work should be on two aspects: (i) assisting Governments in identifying impacts and options for the mitigation of adverse environmental, social and economic impacts and (ii) identifying and stimulating new trade and investment opportunities;

(c) Including relevant United Nations agencies, the Bretton Woods institutions, OECD and other intergovernmental organizations, with good data and knowledge of policy development and implementation, to establish or contribute to an information clearing-house on new and innovative policies for more sustainable consumption and production patterns, including the use of economic instruments, voluntary measures and education. In this context, the Commission invites these organizations, in particular UNEP, the World Bank and the regional banks, to undertake joint efforts aimed at helping all countries, particularly developing countries and economies in transition, to benefit mutually from existing experiences with sustainable industrial development approaches and to adapt these approaches to domestic circumstances;

(d) To support Governments in initiatives to improve their environmental performance, with regard to materials and energy efficiency, waste management and pollution prevention, procurement and investment policies, and the continued integration of environmental policy with economic and other policies. In addition, the Commission calls upon international organizations to use high environmental performance standards in the day-to-day management of their own facilities and operations.

4. The Commission encourages major groups:

(a) To cooperate with Governments in the design and implementation of new and innovative policies, and mixes of instruments, to achieve changes in consumption and production patterns;

(b) In particular Consumers International, to assist the United Nations and its member Governments in the early revision of the United Nations Guidelines for Consumer Protection, 2/ to include aspects of more sustainable consumption and production patterns;

(c) (i) And calls specifically on business and industry: To continue exercising environmental responsibility, inter alia, by developing and implementing the concept of eco-efficiency, and in particular to assess its potentials and limitations in terms of achieving sustainable development, without reducing profitability;

(ii) To help design optimal mixes of instruments for achieving more sustainable patterns. Special attention could be given to the

---

2/ General Assembly resolution 39/248, annex.

obstacles and opportunities, and the costs and benefits, of implementing voluntary initiatives, partnerships and agreements, incorporating extended and shared producer responsibility (for example, the consideration of life-cycle impacts at the design stage of production and producer take-back requirements), and adopting environmental management systems such as the International Organization for Standardization series, ISO 14000.